

PRE-BID/ PRE-CONTRACT INTEGRITY PACT

(To be signed on Plain Paper)

This pre-bid pre-contract Agreement (hereinafter called the Integrity Pact) is made on ____ day of the month of ____ 2014 at Kolkata, India.

BETWEEN

Security Printing & Minting Corporation of India Limited (SPMCIL) acting through GENERAL MANAGER, INDIA GOVERNMENT MINT, KOLKATA on behalf of the Chairman and Managing Director, SPMCIL(hereinafter called the “BUYER” which expression shall mean and include unless the context otherwise requires his successors in office and assigns) of the First Part

AND

M/s.____ represented by Shri____ , (hereinafter called the BIDDER /SELLER which expression shall mean and include unless the context otherwise requires his successors and permitted assigns) of the Second Part.

PREAMBLE

WHEREAS the BUYER proposes to procure (Name of the Stores / Equipment / item) and the BIDDER / SELLER is willing to offer / has offered the stores and

WHEREAS the BIDDER is a private company / public company / Government undertaking/ partnership / registered export agency constituted in accordance with the relevant law in the matter and the BUYER is a CPSE wholly owned by Government of India performing its functions on behalf of its Chairman and Managing Director.

NOW THEREFORE,

To avoid all forms of corruption, by following a system that is fair, transparent and free from any influence/prejudiced dealings prior to, during and subsequent to the currency of the contract, to be entered into with a view to:

Enabling the BUYER to obtain the desired said stores / equipment at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement and

Enabling BIDDERS to abstain from bribing or indulging in any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also abstain from bribing and other corrupt practices and the BUYER will commit to prevent corruption in any form by its officials by following transparent procedures.

The parties hereto hereby agree to enter into this Integrity Pact and agree as follows:

1. Commitments of the BUYER

- 1.1 The BUYER undertakes that no official of the BUYER connected directly or indirectly with the contract will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the BIDDER either for themselves or for any person, organization or third party related to the contract in exchange for any advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.
- 1.2 The BUYER will , during the pre-contract stage, treat all BIDDERS alike and will provide to all BIDDERS the same information and will not provide any such information to any particular BIDDER which could afford an advantage to that particular BIDDER in comparison to other BIDDERS.
- 1.3 All the officials of the BUYERS will report to the General Manager any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

2. In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER to the BUYER with full and verifiable facts and the same is prima facie found to be correct by the BUYER, necessary disciplinary proceedings or any other action as deemed fit including criminal proceedings may be initiated by the BUYER and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the BUYER, the proceedings under the contract would not be stalled.

Commitments of BIDDERS

3. The BIDDER commits itself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular, commit itself to the following:

3.1 The BIDDER will not offer directly or through intermediaries any bribe, gift consideration, reward, favor, any material, immaterial benefit or other advantage, commission, fees brokerage or inducement to any official of the BUYER connected directly or indirectly with the bidding process or to any person, organization or third party related to a contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the contract.

3.2 The BIDDER further undertakes that it has not given, offered or promised to give directly or indirectly any bribe, gift, consideration, reward, favour any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the BUYER or otherwise in procuring the Contract of forbearing to do or having done any act in relation to the obtaining of execution of the contract or any other contract with the Government for showing or forbearing to show favour or disfavor to any person in relation to the contract or any other contract with BUYER.

3.3 BIDDERS shall disclose the name and address of the Agents / representatives and Indian BIDDERS shall disclose their foreign principals of associates.

3.4 BIDDERS shall disclose the payments to be made by them to agents / brokers of any other intermediary in connection with this bid / contract.

3.5 DELETED

3.6 The BIDDER, either while presenting the bid or during pre-contract negotiations or before signing the contract shall disclose any payment he has made is committed to or intends to make to officials of the BUYER or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

3.7 The BIDDER will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation contracting and implementation of the contract.

3.8 The BIDDER will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

3.9 The BIDDER shall not use improperly for purposes of competition or personal gain, or pass on to others any information provided by the BUYER as part of the business relationship, regarding plans, technical proposals and business details including information contained in any electronic data carrier. The BIDDER also undertakes to exercise due and adequate care lest any such information is divulged.

- 3.10 The BIDDER commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.
- 3.11 The BIDDER shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.
- 3.12 If the BIDDER or any employee of the BIDDER or any person action on behalf of the BIDDER, either directly or indirectly, is a relative of any of the officers of the BUYER or alternatively, if any relative of an officers of the BUYER has financial interest / stake in the BIDDER's firm, the same shall be disclosed by the BIDDER at the time of filing of tender. The term relative for this purpose would be as defined in Section 6 of the Companies Act, 1956.
- 3.13 The BIDDER shall not lend to or borrow any money from or enter into any monetary dealings or transaction directly or indirectly with any employee of the BUYER.

4. Previous Transgression

- 4.1 The BIDDER declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify BIDDER's exclusion from the tender process.
- 4.2 The BIDDER agrees that if it makes incorrect statement on this subject BIDDER can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

5. Earnest Money (Security Deposit)

- 5.1 While submitting commercial bid, the BIDDER shall deposit an amount specified in Section VI: List of Requirements, as Earnest Money in the form mentioned in clause 18 of Section II General Instructions to the Tenderers (GIT), with the BUYER.
- 5.2 The earnest money shall be valid upto a period of six months from the date of the validity of the tender.
- 5.3 In case of successful BIDDER, a clause would also be incorporated in the Clause pertaining to Security Deposit/ Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning reason for imposing sanction for violation of this Pact. The Security Deposit/ Performance Bond shall be valid for 60 days after the complete conclusion of the contractual obligations to the complete satisfaction of both the BIDDER and the BUYER, including warranty period whichever is later.
- 5.4 No interest shall be payable by the BUYER to the BIDDER on Earnest Money / Security Deposit for the period of its currency.

6. Sanctions for Violations

- 6.1 Any breach of the aforesaid provisions by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER) shall entitle the BUYER to take all or any one of the following actions wherever required.
- i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the BIDDER. However, the proceedings with the other BIDDER(s) would continue.
 - ii) The Earnest Money Deposit (in pre-contract stage) and / or Security Deposit / Performance Bond (after the contract is signed) shall stand forfeited either fully or partially as decided by the BUYER and the BUYER shall not be required to assign any reason therefore.

- iii) To immediately cancel the contract if already signed, without giving any compensation to the BIDDER.
- iv) To recover all sums already paid by the BUYER and in case an Indian BIDDER with interest thereon at 2% higher than the prevailing Prime Lending Rate of State Bank of India, while in case of BIDDER from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the BIDDER from the BUYER in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.
- v) To encash the advance bank guarantee and performance bond / warranty bond, if furnished by the BIDDER, in order to recover payments, already made by the BUYER along with interest.
- vi) To cancel all or any other contracts with the BIDDER. The BIDDER shall be liable to pay compensation for any loss or damage to the BUYER resulting from such cancellation / rescission and the BUYER shall be entitled to deduct the amount so payable from the money(s) due to the BIDDER.
- vii) To debar the BIDDER from participating in future bidding processes of the SPMCIL for a minimum period of 5 years, which may be further extended at the discretion of the BUYER.
- viii) To recover all sums paid in violation of this Pact by BIDDER(s) to any middlemen or agent or broker with a view to securing the contract.
- ix) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the BUYER with the BIDDER, the same shall not be opened.
- x) Forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.

6.2 The BUYER will be entitled to take all or any of the actions mentioned at para 6.1 (i) to (x) of this Pact also on the Commission by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER) of an offence as defined in Chapter IX of the Indian Penal Code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption.

6.3 The decision of the BUYER to the effect that a breach of the provisions of this Pact has been committed by the BIDDER shall be final and conclusive on the BIDDER. However, the BIDDER can approach the independent Monitor (s) appointed for the purposes of this Pact.

7. Fall Clause

7.1 The BIDDER undertakes that it has not supplied / is not supplying similar product / systems or sub-systems at a price lower than that offered in the present bid in respect of any other Ministry / Department of the Government of India or PSU and if it is found at any stage that similar products / systems or sub- systems was supplied by the BIDDER to any other Ministry / Department of the Government of India or a PSU at a lower price then that very price with due allowance for elapsed time will be applicable to the present case and the difference in the cost would be refunded by the BIDDER to the BUYER if the contract has already been concluded.

8. Independent Monitors

8.1 The BUYER has appointed independent Monitors(hereinafter referred to as Monitors) for this Pact in consultation with the Central Vigilance Commission.Name and addresses of the Monitors are listed in NIT.

8.2 The task of the Monitors shall be to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact.

- 8.3 The Monitors shall not be subject to instructions by the representatives of the parties and performs their functions, neutrally and independently.
- 8.4 Both the parties accept that the Monitors have the right to access all documents relating to the Project/procurement, including minutes of meeting.
- 8.5 As soon as the Monitor notices, or has reason to believe, a violation of this Pact, he will so inform the Authority designated by the BUYER.
- 8.6 The BIDDER(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the BUYER including that provided by the BIDDER. The bidder will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his Project documentation. The same is applicable to Subcontractors. The Monitor shall be under contractual obligation to treat the information and documents of the Bidder / Subcontractor(s) with confidentiality.
- 8.7 The Buyer will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided subcontractor meetings could have an impact on the contractual relations between the parties. The parties will offer to the Monitor the option to participate in such meetings.
- 8.8 The Monitor will submit a written report to the designated Authority of BUYER within 8 to 10 weeks from the date of reference or intimation to him by the 'BUYER/BIDDER and should the occasion arise, submit proposals for correcting problematic situations.

9. **Facilitation of Investigation**

In case of any allegation of violation of any provisions of this Pact or payment of commission, the BUYER or its agencies shall be entitled to examine all the documents including the Book of Accounts of the BIDDER and the BIDDER shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

10. **Law and Place of Jurisdiction**

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the BUYER.

11. **Other Legal Actions**

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

12. **Validity**

12.1 The validity of this Integrity Pact shall be from the date of its signing and extend upto the complete execution of the contract to the satisfaction of both the BUYER and the BIDDER/Seller, including warranty period. In case BIDDER is unsuccessful, this Integrity Pact shall expire after six months from the date of signing of the contract.

12.2 Should one or several provisions of this Pact turn out to be invalid, the remainder of this Pact shall remain valid. In this case the parties will strive to come to an agreement to their original intentions.

13. The parties hereby sign this integrity pact at _____ on _____ .

BUYER

BIDDER

(Name of the Officer)
For and behalf of Chairman
and Managing Director
Designation

Deptt./Ministry/PSU

(Name of the Officer)
Chief Executive Officer

Witness

Witness

1. _____

1. _____

2. _____

2. _____